

STATE OF IDAHO

**DEPARTMENT OF HEALTH  
AND WELFARE**



**ADVANCED PLANNING DOCUMENT**

For

Medicaid Management Information System (MMIS)

September 10, 2003

# Table of Contents

1.	PURPOSE.....	3
2.	NEEDS AND OBJECTIVES .....	4
3.	STATEMENT OF ALTERNATIVE CONSIDERATIONS .....	5
4.	REQUIREMENTS ANALYSIS .....	6
5.	COST BENEFIT ANALYSIS.....	7
6.	PERSONNEL RESOURCE STATEMENT .....	8
7.	DESCRIPTION OF ACTIVITIES .....	9
8.	PROPOSED ACTIVITY SCHEDULE.....	10
9.	PROPOSED BUDGET .....	11
10.	STATEMENT OF EXPECTED USEFULNESS.....	12
11.	PROSPECTIVE COST DISTRIBUTION .....	13
12.	COST DISTRIBUTION SUMMARY .....	14
13.	STATEMENT OF SECURITY AND INTERFACE REQUIREMENTS .....	15
14.	BACKUP & FALLBACK CONTINGENCY PROCEDURES.....	16
15.	ASSURANCES THE STATE HAS MET THE REQUIREMENTS.....	17

# 1. Purpose

The purpose of this advanced planning document (APD) is to request 90% enhanced Federal Financial Participation (FFP) for Phase One, which will begin the planning process that will lead to a vendor either operating the current MMIS or installing a new system. Our current contract with EDS expires December 2006. The MMIS Project is planned to be completed in multiple phases using a process of incremental development and implementation. The first phase begins the resource planning phase that will lead to bringing the Requirements Analysis (RA) consultant onto the MMIS Project after being competitively bid.

- Phase One – Resource Establishment (Funding Requested in this APD)
  - Establish initial project team with members identified from Medicaid, Information Systems, Management Services, etc.
  - Establish roles and responsibilities of team members.
  - The steering committee (sponsors) identified with roles and responsibilities identified.
  - Deliverable from Solutions Consulting on Lessons Learned from Idaho's prior MMIS procurement.
  - Team will develop an RFP to acquire a consultant to assist in the development of the Requirements Analysis (RA, MMIS RFP, evaluation, and implementation).
  - Submission to State Purchasing and CMS of RFP for approval.
  - Receive and Evaluate proposals resulting in contract award.
- Phase Two – Requirements Analysis (RA)
  - Seek CMS approval of RA contract and funding.
  - Upon CMS approval, contract signed and implemented.
  - Review current MMIS contract/amendments for services
  - Review other states contracts for services rendered/best practices
  - Discuss with CMS concerns or recommendations they may have.
  - Review other states MMIS systems for best practices.
  - Review other MMIS vendor packages for comparisons.
  - Review lessons learned from the previous Idaho procurement .
  - Review impact of future HIPAA rules.
  - Develop options/recommendations paper for sponsors – contracted services needed, services brought in-house, and other options/recommendations.
  - Develop RFP for MMIS operation or new system for submission to CMS.
- Phase Three – RFP approval and Bidding Process
  - Receive CMS approval on RFP.
  - RFP released.
  - Evaluation of RFP.
  - Award of contract, approval by State Purchasing, contract signed by vendor, submitted to CMS for approval.
  - MMIS contract signed by Department.
- Future Phases
  - Dependent on vendor and system selected.

## 2. Needs and Objectives

By December 31, 2006 the current contract with EDS will expire. At that time a new contract must be in place in order to process the State of Idaho's Medicaid claims. The objective of this APD is to put together a project team that includes consultant assistance in developing the requirements analysis, the RFP, evaluating the bids, contractor selection recommendations, and implementation. A thorough review of the services needed and the system required to meet those needs will result in an RFP for a vendor to either operate the current system, with any identified enhancements or to install and operate a new system.

### 3. Statement of Alternative Considerations

The alternative to this proposal is to have state staff conduct the reprocurement in its entirety.

Tangible benefits of this alternative would be some cost savings resulting from not utilizing the services of a consultant.

There are major disadvantages to this approach. Since this project will lead to operating the current system or a new system altogether, it will require expertise concerning the integration of several subsystems to adequately support the state's diverse operations. Over the past several years there have been significant advances in decision support, management information, and claims processing systems. Since state staff do not always have the expertise or experience with these advances, the assistance of a consultant is critical in order to assure the development of a wholly integrated system that will carry into the next 10 years.

## 4. Requirements Analysis

Phase One of the project will involve developing the RFP for a consultant to provide assistance in developing the requirements analysis, the RFP, evaluating the bids, MMIS contractor selection recommendations, and implementation. The scope of the activities of this consultant contract will cover the entire reprocurement process, from assisting in a system requirements analysis to preparation of a post implementation evaluation. Review and recommendations, as well as a number of fixed deliverables, will be required. In general, the consultant will be expected to provide the following, at a minimum:

- Evaluation of business practices;
- Detailed system requirements analysis;
- Evaluation of the impact of Medicaid reform on MMIS system requirements;
- Identification of other states' systems for review and/or site visit;
- Development of a cost/benefit analysis among alternative systems;
- Preparation of a project schedule;
- Preparation of an RFP to include a detailed design, development, and implementation schedule, a comprehensive statement of work, and provide technical assistance to the evaluation committee for:
  - Operating the current system with identified enhancements,
  - Installing and operating a new system.
- Development of proposal evaluation criteria;
- On-going review of system deliverables;
- Development of acceptance testing criteria;
- Preparation of a post implementation evaluation, including cost/benefit analysis.

The consultant will also be expected to maintain contact on a national level to ensure that any changes in the Medicaid program and/or Federal MMIS requirements will be appropriately addressed.

## 5. Cost Benefit Analysis

The cost/benefit analysis for the MMIS reprocurement will be a required deliverable from the RA contractor.

Enhanced funding at the 90 percent level is being requested through approval of this Advance Planning Document.

## 6. Personnel Resource Statement

The state certifies that adequate staff is available to properly execute the contract awarded. A project team has been named which is dedicated to MMIS reprocurement activities. Sponsors for this project who will have overall responsibility for these efforts are Dick Humiston – Acting Deputy Director, Charlie Wright – ITSD Administrator, and Randy May – Acting Medicaid Administrator. The following persons will have primary responsibility for reprocurement activities:

<u>Name/Division</u>	<u>Estimated % of Time</u>
• Joe Crisp, Project Manager ITSD	50%
• Penny Hatcher, Admin Support ITSD	25%
• Leslie Clement, Medicaid Bur. Chief Division of Medicaid	40%
• Dave Ricks, Project Controller Division of Management Services	30%
• Laura Windham Division of Medicaid	15%
• Larry Buell Division of Management Services	20%
• Julie Grunder ITSD	40%
• DeeAnne Moore Division of Medicaid	40%
• Billie Schell-Ruby Division of Medicaid	30%
• Phil Chandler, ITSD Relationship Manager ITSD	40%
• Patti Campbell ITSD	10%
• Cathy Libby ITSD	10%



## 7. Description of Activities

- Phase One – Resource Establishment (Funding Requested in this APD)
  - Establish initial project team with members identified from Medicaid, Information Systems, Management Services, etc.
  - Establish roles and responsibilities of team members.
  - The steering committee (sponsors) identified with roles and responsibilities identified.
  - Deliverable from Solutions Consulting on Lessons Learned from Idaho's prior MMIS Procurement.
  - Team will develop an RFP to acquire a consultant to assist in the development of the Requirements Analysis (RA, MMIS RFP, evaluation, and implementation).
  - Submission to State Purchasing and CMS of RFP for approval
  - Receive and Evaluate proposals resulting in contract award.
- Phase Two – Requirements Analysis (RA)
  - Seek CMS approval of RA contract and funding.
  - Upon CMS approval, contract signed and implemented
  - Review current MMIS contract/amendments for services
  - Review other states contracts for services rendered/best practices
  - Discuss with CMS concerns or recommendations they may have.
  - Review other states MMIS systems for best practices.
  - Review other MMIS vendor packages for comparisons.
  - Review lessons learned from the previous Idaho procurement.
  - Review impact of future HIPAA rules.
  - Develop options/recommendations paper for sponsors – contracted services needed, services brought in-house, other options/recommendations
  - Develop RFP for MMIS operation or new system for submission to CMS
- Phase Three – RFP approval and Bidding Process
  - Receive CMS approval on RFP.
  - RFP released.
  - Evaluation of RFP.
  - Award of contract, approval by State Purchasing, contract signed by vendor, submitted to CMS for approval
  - MMIS contract signed by Department
- Future Phases
  - Dependent on vendor and system selected.

## 8. Proposed Activity Schedule

- |                                    |                                  |
|------------------------------------|----------------------------------|
| • Phase One – Resource Development | October 2003 through March 2004  |
| • Phase Two – Develop MMIS RFP     | April 2004 through December 2004 |
| • Phase Three – Evaluate Bids      | January 2005 through March 2005  |
| • Phase Four                       | To be Determined                 |

## 9. Proposed Budget

APD and APDU History for the MMIS Project							
APD/ APDU	Approval Date	Description	Budget Amount	Federal Share at 90%	Federal Share at 75%	State Share at 25%	State Share at 10%
Pending APD		Phase One	\$190,500.00	\$171,500.00			\$19,000.00

\* See page 13 for budget detail.

## 10. Statement of Expected Usefulness

The proposed project will provide a comprehensive system which preserves the current functionality and satisfies the new management, technical, process, and data requirements. It will remain flexible; to simplify the response to future program needs as well. We estimate that the new system will have an economic useful life of ten years. However, a primary objective of the development approach IDHW is taking is to extend the practical useful life beyond fifteen years, with periodic enhancements.

## 11. Prospective Cost Distribution

### Phase I Request

<b>State Personnel</b>	<b>Total Cost</b>	<b>Federal 90%</b>	<b>State 10%</b>
Project Team			
Joe Crisp (50%)	\$17,450.00		
Penny Hatcher (25%)	\$5,250.00		
Phil Chandler (40%)	\$13,840.00		
Dave Ricks (30%)	\$13,290.00		
Laura Windham (15%)	\$4,100.00		
Larry Buell (20%)	\$6,630.00		
Leslie Clement (40%)	\$11,520.00		
DeeAnne Moore (40%)	\$18,360.00		
Julie Grunder (40%)	\$13,200.00		
Billie Schell Ruby (30%)	\$10,440.00		
Patti Campbell (10%)	\$4,120.00		
Cathy Libby (10%)	\$3,300.00		
Total Personnel Costs	\$121,500.00	\$109,400.00	\$12,100.00
<b>Operating Expenses</b>			
Travel expenses (5 staff with 3 out-of-state trips)	\$15,000.00		
Printing/copying, etc.	\$10,000.00		
Lessons Learned ( 60 hours @ \$150/hr)	\$9,000.00		
Total Operating Costs	\$34,000.00	\$30,600.00	\$3,400.00
<b>Capital Outlay</b>			
Desk, chairs for 5 staff	\$5,000.00		
Computers, printer for 5 staff	\$10,000.00		
Total Capital Outlay Costs	\$15,000.00	\$13,500.00	\$1,500.00
<b>Allocated Costs</b>	\$20,000.00	\$18,000.00	\$2,000.00
<b>Total Phase I Costs</b>	<b>\$190,500.00</b>	<b>\$171,500.00</b>	<b>\$19,000.00</b>

Costs will be distributed according to time personnel devoted to this project. Idaho has in place an approved time accounting system to credit work to the appropriate accounts and will be reported under the federally approved cost allocation plan. Personnel costs, etc., based on resources identified in Section 6.

## 12. Cost Distribution Summary

Federal Funding for Phase I development costs is requested at the rates shown in the Cost Distribution in Part 11. These are:

90%	CMS FFP	\$ 171,500.00
10%	DHW Share	\$ 19,000.00
	Total	\$190,500.00

## 13. Statement of Security and Interface Requirements

The security and interface requirements pertaining to this APD are being updated per the HIPAA Security Rule that will be finalized September 2005.

This proposal does not breach any security procedures or interface protocols within the current MMIS system. Once a solution is identified, a pre-implementation testing of the solution will assure that the current system integrity is not compromised.

## 14. Backup & Fallback Contingency Procedures

Backup and fallback procedures for the current system are addressed in the base contract with EDS. Included in this is a Disaster Recovery plan.



## 15. Assurances the State Has Met the Requirements

The State of Idaho, Department of Health and Welfare certifies that it has met the requirements for (1) Procurement Standards (Competitive/Sole Source) 45 CFR Part 95.613, 45 CFR Part 74, SMM Section 11267, SMD Letter of Dec. 4, 1995 (2) Access to Records 45 CFR Part 95.615, SMM Section 11267 (3) Software Ownership, Federal Licenses and Information Safeguarding 42 CFR Part 433.112(b)(5) – (9) and (4) Progress Reports SMM Section 11267. HIPAA Rules will also be taken into account for compliance.

The State of Idaho, Department of Health and Welfare, certifies that it has available its share of the funds required to complete the activities described in this APD. The State requests approval to proceed with federal funding at the above levels.